MUTUAL FEDERAL
A division of First Bank Richmond
epcor
Electronic Payments Core of Knowledge

PAYMENTS INSIDER

The inside scoop on payments for businesses of all sizes

INSIDE THIS ISSUE

Understanding the *2026 ACH Rules Update for Corporate Originators and Third-Party Senders* ..... pg. 1

Top 5 Third-Party Sender Audit Findings ..... pg. 2

B2B Instant Payments + E-Invoicing: A Perfect Marriage ..... pg. 3

New Fraud Challenges for Third-Party Senders in 2026 ..... pg. 6

Understanding the *2026 ACH Rules Update for Corporate Originators and Third-Party Senders*

by Shelly Sipple, AAP, AFPP, APRP, NCP, Director, Certifications & Continuing Education, EPCOR

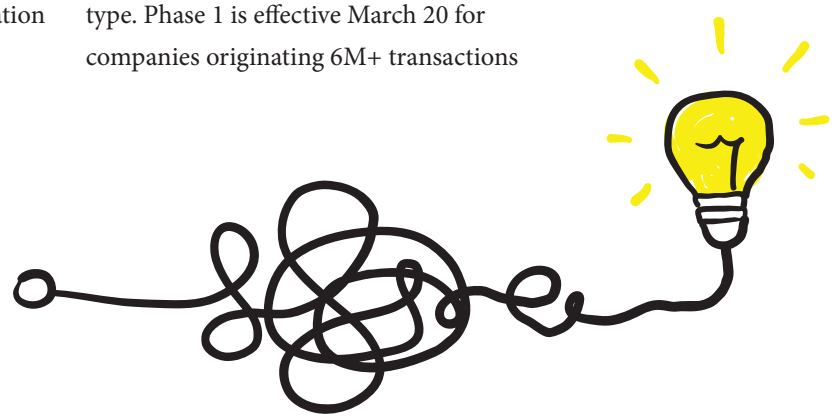
Several important *ACH Rules* amendments take effect beginning in 2026 that will impact how companies originate ACH payments. Additional amendments, effective in 2027 and 2028, may require additional preparation time. It's essential for companies to understand these changes to maintain compliance and ensure efficient payment-processing operations.

Standard Company Entry Description

Effective March 20, 2026, companies must use standardized Company Entry Descriptions for certain transactions. While the 10 character field typically allows flexibility, the *ACH Rules* now require that Prearranged Payment and Deposit (PPD) credits related to employment compensation use PAYROLL, and WEB debits for e-commerce or online retail purchases use PURCHASE. These standardized descriptions help ensure consistent identification of these transaction types across the ACH Network.

Origination Fraud Monitoring

Starting in 2026, companies will be required to have risk-based fraud monitoring practices in place for all ACH payments they originate, regardless of payment type. Phase 1 is effective March 20 for companies originating 6M+ transactions in 2023, and Phase 2 is effective June 19 for all companies, regardless of annual origination activity. The goal is to reduce successful fraud attempts by identifying payments that may be unauthorized or authorized under false pretenses. Unauthorized payments occur when a fraudster gains access to online banking credentials, while payments authorized under false pretenses result from social engineering schemes—such as business email compromise or vendor or payroll impersonation—where an employee is tricked into sending a payment.



Although the *ACH Rules* do not require automated transaction screening or review of every payment, companies must implement reasonable, documented procedures to detect suspicious activity. While they are not expected to prevent all fraud, companies must make a good faith effort to identify questionable payments before they reach the ACH Network.

To help you prepare for these changes and future amendments, please download the *2026 ACH Rules Update for Corporate Originators and Third Party Senders* document.

Top 5 Third-Party Sender Audit Findings

by Casey Demma, AAP, AFPP, APRP, Senior Analyst, Payments, Risk & Compliance, EPCOR

The *ACH Rules* require Third-Party Senders (TPSs) and Third-Party Service Providers (TPSPs) to complete an ACH Rules Compliance Audit annually. In 2025, EPCOR's team of experts conducted audits for a wide range of TPSs and TPSPs. Throughout these engagements, our team observed several recurring compliance issues. Here's a breakdown of last year's top audit findings and the common areas needing attention.

Audits and Risk Assessments

A surprising number of TPSs and corporate partners that provide or manage ACH services don't even realize they *are* TPSs, leaving them unaware of their obligation to perform an annual ACH Rules Compliance Audit or a periodic risk assessment. EPCOR frequently conducts these first-time audits for organizations that have been operating as TPSs for years. On the flip side, some TPSs do complete their annual audits but can't produce six years of documentation, as required by the *ACH Rules*. Staff turnover is usually the culprit, turning missing documentation into a compliance headache.

Risk assessments create another gap. While they aren't required annually, TPSs and organizations handling ACH activity must periodically evaluate the risks associated with those ACH activities and build a risk management program based on the results. The key is staying proactive: understanding the obligations, acting on results and revisiting risk before it becomes a problem.

Originator Due Diligence and Exposure Limit Review

Due diligence goes beyond onboarding. ACH activity must be continuously monitored, and oversight of Originators and Nested TPSs can take several different forms. Reviewing the creditworthiness of the account relationship is valuable, but it does not fulfill all obligations. Many TPSs limit reviews to financial information, neglecting their Originators' actual ACH activity, leaving a significant oversight gap.

The *ACH Rules* explicitly require the establishment of exposure limits, which must be reviewed and enforced as part of an ongoing risk management program. Yet it remains common to find TPS programs with no limits in place, or that use prefunding requirements as a substitute, which do not meet *ACH Rules* requirements. Corporate entities managing or outsourcing ACH services should understand that prefunding only addresses liquidity, not broader operational or credit risk.

Origination Agreements

Many TPSs provide a mix of services to their Originators and any nested TPSs, but their contracts often don't keep pace. Instead of including clearly defined ACH terms, organizations rely on broad master service agreements that omit required language. Beyond the requirements, the key guidance from *Appendix C* in the *ACH Rules* (who does what, who owns which risk and how responsibilities flow between parties) is frequently not included. Absent schedules, missing appendices or incomplete agreements lead to unclear roles, misaligned expectations and compliance gaps. Corporate management should ensure that all service agreements clearly define ACH responsibilities, even if ACH activities are outsourced.

Invalid Authorizations

Authorization issues commonly stem from missing Rule required language, such as revocation terms or clear timing of the Entry. We often see authorizations that aren't recognizable as authorizations at all. This happens most often online, where critical language gets buried behind hyperlinks rather than presented upfront. When authorizations aren't complete or clearly identifiable, organizations face delays responding to proof of authorization (POA) requests. These challenges are relevant not just to TPSs, but to any company that initiates ACH activity on behalf of clients or vendors.

Notifications of Change

A non-monetary Notification of Change (NOC) is the RDFI's way of telling the ODFI, "Here's the corrected information you need to use going forward." When a TPS or Nested TPS is involved, updates must reach the Originator within two banking days of receiving the NOC. Then, the required changes must be implemented within six banking days, or before the next outgoing Entry, whichever comes later.

Common breakdowns usually happen in two places:

- The changes aren't made within the required timeframe and
- There's little to no documentation showing the Originator was notified, or that the updates were completed.

Both gaps create compliance risk and make it harder to prove that NOC requirements are being met. For companies, staying on top of updates and keeping clear records is key to avoiding compliance headaches.

These are some of the most common issues EPCOR identified during 2025 audits of TPSs and TPSPs, though they do not represent the full scope of findings. Every organization's program is different, and even well-established processes can have gaps.

For information about becoming an EPCOR member, or to inquire about managing ACH-related obligations and book an EPCOR Third-Party Sender ACH Audit or Risk Assessment, reach out to advisoryservices@epcor.org.

B2B Instant Payments + E-Invoicing: A Perfect Marriage

The following article originally appeared on January 18, 2026, from the U.S. Faster Payments Council's Business Benefits of B2B Instant Payments Work Group.

The U.S. Faster Payments Council's Business Benefits of B2B Instant Payments Work Group is on a mission: to raise awareness, foster adoption and accelerate innovation around instant payments. Together, subject matter experts from across industries are shaping a future where faster, smarter financial operations become the standard in business-to-business (B2B) transactions.

In the digital age, many aspects of business have evolved—but B2B payments still lag far behind. Despite the rise of automation and real-time data in other areas, most businesses continue to rely on slow, manual and error-prone invoice and payment processes. On the accounts receivable (order-to-cash) side of processing, today's B2B transaction workflows are riddled with inefficiencies, from waiting days for checks to clear to matching invoices and credit notes with payments and reconciling those payments with bank statements. On the accounts payable (procure-to-pay) side, manually entering and reconciling invoices against purchase orders and shipments is time-consuming, error-prone and inefficient.

But there is good news. The convergence of instant payments and e-invoicing is poised to reshape the B2B payments landscape entirely. When combined, these two technologies offer a powerful, end-to-end solution that automates the payment lifecycle (from procure-to-pay and order to cash), covering key stages like processing, settlement and reconciliation.

This article explores why this pairing is so powerful—and why businesses should act now.

The Problem: Today's B2B Payments Are Broken

While consumer payments have gone digital and mobile, business payments remain stuck in a fragmented and outdated system. This leads to slower payments, higher costs, more errors and poor visibility.

A recent study by the Federal Reserve highlights these inefficiencies and the demand for instant payments:

- 48% of the businesses surveyed cited high costs, 32% security issues and 32% a lack of timeliness as top challenges across all payment types.
- 56% of businesses surveyed selected lower costs as a top benefit/motivator of adoption for instant payments. These savings could be manifested by offsetting other fees and reducing manual processing.
- Timeliness is also becoming more attractive, with 41% of businesses citing greater flexibility, 37% citing 24/7 year-round service and 36% citing instantly available funds as core motivators.

Non-instant payments are more than just a delay—they trigger a cascade of challenges across the business, leading to the following realizations:

- **Delayed Payments Hurt Cash Flow:** Most B2B payments still rely on methods like paper checks, wire transfers and ACH. These can take anywhere from two to five business days—or more—to settle. This time lag creates cash flow gaps, especially for small- and mid-sized suppliers who need timely payments to manage payroll, inventory and operations.
- **Manual, Paper-Based Processes Waste Time and Money:** Many

businesses still create and process invoices manually. Paper invoices, email attachments and manual data entry across systems lead to frequent mistakes, payment delays and higher administrative costs. For accounts payable (AP) and receivable (AR) teams, this manual burden slows down the entire transaction lifecycle.

- **Fragmentation and Complexity in Payment Data:** With different systems, formats and protocols used by suppliers, buyers and financial institutions, exchanging transaction data often requires normalization, mapping or even manual intervention. This creates friction, slows down automation and increases reconciliation errors.
- **Poor Visibility and Tracking:** When payments and invoices are processed separately, it becomes difficult to track the status of an invoice or determine whether a payment has been received. Finance teams often spend hours chasing down remittance information or clarifying for what purpose a payment was made.
- **Security Risks:** Manual and paper-based processes are not only inefficient—they are also insecure. Checks can be intercepted or altered, and fraudulent invoices can slip through without proper controls or audit trails.

The Solution Part 1: Instant Payments Bring Speed and Certainty

Instant payments clear and settle in real-time, 24x7x365. They are irrevocable, with guaranteed funds and can carry structured data—such as remittance details—to support reconciliation.

Instant payments bring the following benefits to traditional payment processing:

- **Speed:** Payments Settle in Seconds: Funds are transferred and made available instantly, which eliminates waiting periods and unlocks working capital. This is particularly valuable for suppliers who need immediate access to funds after a sale.
- **Efficiency – No More Manual Approvals or Uploads:** Instant payments support straight-through processing (STP)—automated from initiation to settlement without manual intervention. This reduces human error and the cost of manual AP/AR operations.
- **Improved Cash Flow and Liquidity:** For both buyers and suppliers, real-time settlement means improved control over cash positions and fewer surprises. Businesses can better predict cash inflows and outflows and reduce reliance on credit lines.
- **Reduced Risk – Irrevocability Means Confidence:** Because instant payments are final and cannot be reversed, suppliers are more willing to offer favorable terms or incentives to buyers using this method. This builds trust and strengthens supplier relationships.
- **Better User Experience with QR Code Integration:** QR codes embedded or included with invoices can provide a seamless way for buyers to view invoice details and initiate instant payments via their financial institution or wallet. This combines transparency with convenience and speed.
- **Fight Fragmentation with Standards-Based Approaches:** Using payment standards like ISO 20022, businesses can reduce data fragmentation and ensure consistent formatting of remittance data—making payment automation and reconciliation much easier. The RTP® Network and FedNow® Service leverage ISO 20022's structured remittance data elements to enable automated, straight-through processing for accounts receivable.

The Solution Part 2: E-Invoicing Unlocks Automation and Accuracy

E-invoicing refers to the digital creation, exchange and processing of invoices between businesses. Unlike PDFs or email attachments, e-invoices use structured data formats such as UBL (used by the Digital Business Networks Alliance) or EN 19631 (used by Pan-European Public Procurement On-Line) that can be processed automatically by systems.

E-invoices offer a form of Request-for-Payment (RfP) like those offered via the ISO 20022 RfP message (i.e., RfP pain.013), leveraged by the FedNow® Service and RTP® Network, but at a more detailed level. When combined with more complex B2B payments involving invoices with purchase orders, receipt level details, discounts, taxes and more, e-invoices provide the structured data needed to load invoices into AP systems, while instant payment requests facilitate and automate the payment itself.

- **Automation – End-to-End Invoice Lifecycle Management:** End-to-end invoice lifecycle automation speeds up the timing, eliminates manual data entry and paper handling and facilitates the subsequent instant payment experience. E-invoicing enables automatic invoice creation, delivery, approval and the matching of purchase orders and received goods. This eliminates the need for paper handling or manual keying of invoice data.
- **Accuracy – Eliminate Manual Errors:** With structured data and system-to-system exchange, e-invoicing dramatically reduces common issues like duplicate entries, mis-keyed amounts or lost documents.
- **Operational Efficiency and Cost Savings:** By removing the need for paper, postage, printing, scanning and manual input, companies can save significant costs—both in labor and material.

- **Compliance and Tax Audit Readiness:** E-invoicing creates a digital audit trail, supports real-time indirect tax reporting and simplifies regulatory compliance across authorities. Many global regions already mandate e-invoicing for value-added tax enforcement.
- **Environmental and ESG Benefits:** Paperless operations align with sustainability goals and reduce the environmental footprint of B2B transactions.
- **The U.S. Finally Moves Toward Standardization:** Although the U.S. has lagged in e-invoicing adoption, the DBN Alliance is changing this trend. Their "B2B Digital Highway" initiative is building a framework for nationwide interoperability—paving the way for broader adoption of e-invoicing in the U.S.

The Perfect Marriage: Instant Payments + E-Invoicing

Separately, instant payments and e-invoicing each bring significant value. Together, they unlock even greater potential, including:

- **End-to-End AP Automation:** When a digital e-invoice is generated and automated into the AP process, an RfP is initiated via instant payment rails—creating a fully automated, digital-first transaction experience.
- **Real-Time AR Reconciliation:** Because payment messages can carry structured remittance data, invoices and payments are automatically matched in real time—no more manual reconciliation headaches.
- **Enhanced Visibility and Control:** Buyers and suppliers gain full transparency into the status of invoices and payments. Finance teams can access dashboards showing cash positions, invoice aging and exceptions—updated in real time.
- **Smarter Payment Workflows:** For example, a supplier may send a structured e-invoice to the buyer. The buyer's system can automatically trigger an RfP through the instant payment rails. A QR code can provide access to invoice details, and the buyer can approve and settle the invoice instantly. When multiple invoices are involved, a single bulk payment can be sent with full remittance data that closes out all linked RfPs and open invoices—keeping everyone aligned.
- **Reduced Risk and Fraud:** Digital authentication, encryption and end-to-end traceability drastically lower the risk of payment fraud or invoice tampering.

Implementation Considerations

To adopt this modern approach of marrying e-invoicing with instant payments, businesses need to consider:

- **System Integration:** Ensure enterprise resource planning systems, AP/AR and treasury systems can handle structured data and connect to instant payment rails.
- **Security Protocols:** Use encrypted channels, tokenized access and strong authentication to secure sensitive financial data.
- **Regulatory Compliance:** Stay informed about e-invoicing mandates, tax rules and payment regulations in each operating region.
- **Change Management:** Invest in training, onboarding and collaboration with partners to ensure smooth adoption.
- **User Experience Design:** The ability to scan a QR code on an invoice and immediately approve and pay it with one click is not just efficient, it is transformational.

Real-World Momentum

Industries like manufacturing, supply chain management and professional services are already seeing measurable gains from integrating instant payments and e-invoicing:

- Reduced Days Sales Outstanding
- Lower operating costs
- Greater agility in supply chain payments
- Improved supplier satisfaction scores

What is Next?

The future of B2B payments is digital, data-driven and real-time. As standards solidify and interoperability improves, expect further innovation, especially in areas like:

- Cross-border instant payments
- Stablecoin and Central Bank Digital Currency settlement options
- Smart contracts that automate invoice validation and settlement

Conclusion

Instant payments and e-invoicing are not just technology upgrades—they are a strategic advantage and are in high demand. Together, they represent a leap forward in how businesses transact, free up working capital, reduce friction and future-proof financial operations. The future of B2B payments is instant. It is digital. And it is already here.

Source: The U.S. Faster Payments Council

New Fraud Challenges for Third-Party Senders in 2026

by Madison Howard, Director, Marketing & Communications, EPCOR

Third-Party Senders are entering 2026 facing a dramatically different fraud and compliance landscape. Fraudsters are more sophisticated, scams are harder to detect and regulatory expectations are rising fast. If it feels like the risk environment is shifting under your feet, you're not imagining it.

Fraud Is Evolving — and Scaling Faster Than Ever

Today's fraudsters are no longer relying on simple social engineering tactics. They're using advanced technology, including generative artificial intelligence (AI), to create scams that are more convincing, scalable and difficult to spot.

Third-Party Senders have become a prime target, particularly as familiar schemes continue to evolve. Business Email Compromise and Payroll Diversion fraud are on the rise, with criminals redirecting funds to networks of money mules rather than traditional accounts.

Another fast-growing concern is False Pretenses, a newer Nacha fraud category where victims are tricked into authorizing payments to fraudsters. This makes detection far more challenging, especially as deepfake voice technology is now being used to impersonate executives or trusted partners and bypass traditional security controls.

The Numbers Paint a Stark Picture

The financial impact of fraud continues to climb at an alarming rate:

- $3.08 billion in projected U.S. losses from Authorized Push Payment fraud this year alone, according to ACI Worldwide
- $3.3 billion in lender exposure to synthetic identity fraud reported by TransUnion in early 2025 for certain product segments
- More than 1 in 5 financial organizations lost over $5 million to fraud in a single year, per Alloy's *2026 State of Fraud Report*

These figures highlight why fraud prevention is no longer just an operational issue—it's a critical risk management priority.

New *ACH Rules* Raise the Stakes

At the same time, fraud is increasing, and regulatory expectations are tightening. Under new *ACH Rules*:

- Originators processing more than 6 million ACH entries annually must have fraud monitoring practices in place by March 20, 2026
- All other ACH Originators must comply by June 19, 2026

Nacha now requires risk-based processes and procedures that are *reasonably intended* to identify both unauthorized transactions and false pretense entries. This means organizations must take a proactive, documented approach to fraud monitoring, not a one-size-fits-all solution.

Why a "Total Payment" Defense Matters

Fraud doesn't stop at ACH, which is why organizations need a total payment defense strategy that covers every payment channel. Best practices include:

- **Checks:** High-security check stock and automated Positive Pay with image review
- **Wires:** Verifying instructions through live callbacks to trusted phone numbers, never relying on email alone
- **Digital and real-time payments:** Multi-factor authentication and step-up verification for higher-risk activity

Across all payment types, dual controls and account validation are critical to ensuring the payee name matches the account information before funds are released.

Staying Ahead in 2026 and Beyond

Fraudsters will continue to adapt, but so can we. By staying alert, understanding emerging threats and implementing strong monitoring and controls, Third-Party Senders can reduce exposure to scams such as Business Email Compromise, synthetic identity fraud and false pretenses.

Staying informed is one of the strongest defenses we have. For more fraud-prevention tips and educational resources, explore your financial institution's fraud awareness tools or reach out to your financial institution for guidance.

New ACH Fraud Monitoring Rules are Now in Effect!

Check out these resources for quick guidance and practical tips to keep your payments operations compliant:

- *Did You Know* video on New Fraud Monitoring Rules for ACH Originators
- Nacha's Upcoming New Rules webpage
- *Don't Let New Rules Changes Creep Up on Your Organization* article

Ensure your organization is compliant with the new *ACH Rules*!

MUTUAL FEDERAL
A division of First Bank Richmond

epcor®

Electronic Payments Core of Knowledge

EPCOR is a not-for-profit payments association which provides payments expertise through education, advice and member representation. EPCOR assists banks, credit unions, thrifts and affiliated organizations in maintaining compliance, reducing risk and enhancing the overall operational efficiency of the payment systems. Through our affiliation with industry partners and other associations, EPCOR fosters and promotes improvement of the payments systems which are in the best interest of our members.
For more information on EPCOR, visit www.epcor.org.

Nacha® Direct Member

The Nacha Direct Member mark signifies that through their individual direct memberships in Nacha, Payments Associations are specially recognized and licensed providers of ACH education, publications and advocacy.

©2026, EPCOR. All rights reserved.
epcor.org
800.500.0100 | 816.474.5630